

Testimony of William H. Young
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To the President's Commission on the United States Postal Service

Thank you, Chairman Johnson and Chairman Pearce. And thanks to all the other members of the Commission for this opportunity to once again testify on behalf of America's 230,000 active letter carriers.

I am happy to be in Chicago, where greater than 97 percent of the 3,700 letter carriers who work in this city voluntarily belong to NALC's Branch 11— a rate that exceeds our impressive national rate of organization, which now stands at 92.3 percent.

Branch 11 is a good example of the best that the trade union movement has to offer. It not only serves its members, but it also serves the larger community of Chicago. Let me give you an example. In 1982, the members of Branch 11 worked with postal managers and the major food banks in this city to organize the largest single day collection of food for the needy in the history of Chicago. The results were extraordinary. Branch 11 collected so much food that its "food drive" became an annual event here. Thanks to Branch 11 and other branches with similar efforts, the idea spread across the country and today the NALC and the USPS sponsor a national food drive that collects more than 60 million pounds of food annually. So I am especially pleased to be with you today in this great city.

As you know, I testified at the first public hearing of this Commission back in February. At that time I outlined my union's nine-year campaign to advance the cause of postal reform. As we have argued since 1994, the Postal Service needs a new charter for the 21st Century; one that permits it to build on the success of its first two centuries while facing up to the new technologies and new realities of our time.

We have called for certain changes in the way the USPS is governed as well as for a less cumbersome system of rate setting. We believe the best way to preserve universal service is to give the USPS the freedom and flexibility to better serve its customers – to expand services, not reduce them. By granting the USPS the commercial freedom to maximize the value of its unmatched delivery network, the American people and American business will be able to count on the USPS to serve their needs for decades to come.

At that first hearing, Congressman Walker asked all of us what aspects of the United States Postal Service the Commission should leave alone. All of us immediately responded: the postal collective bargaining system. The reason we did so is simple: the current system of collective bargaining has worked precisely as it was intended to work. The eleven rounds of collective bargaining that have taken place since postal reorganization have all resulted in the formation of comprehensive labor agreements — either through direct agreement of the parties or through interest arbitration. During that entire 33-year period, intervention by the Congress or the President has never been

required to set the terms and conditions of employment for postal employees.

The postal collective bargaining system has done this without subjecting the American people or the American business community to a single significant disruption in service. Because postal employees, through their unions, have meaningful input in the determination of their own terms and conditions of employment, they have consistently respected the results of the process. Just as Congress intended, collective bargaining has served as an outlet for the kinds of frustrations that led to the nationwide strike of 1970.

The significance of this extraordinary record of labor peace is easy to overlook, but it is important to understand nonetheless. Unlike postal services in other nations, the USPS serves as a key component of this country's financial and commercial infrastructure – tens of billions of dollars in payments, tens of millions of commercial messages and millions of small parcels and packages flow through the mail each day. The USPS also backstops private delivery services that are subject to disruption, as the nation learned when UPS workers went on strike in 1997. The maintenance of uninterrupted service should serve as one of the key standards by which to judge any proposed alternative to the existing collective bargaining system.

Economics

Of course, there are those who would argue that postal collective bargaining should be judged not by the success of the process, but by the particular economic outcomes that

it has produced. We believe that the economic outcomes are a vindication of the policy decisions made by Congress and the President in 1970. Through collective bargaining the postal unions have largely been able to preserve the wage and benefit standards for postal workers that were adopted in 1970. Through collective bargaining, the Postal Service has introduced automation and other management reforms that have substantially improved the efficiency of the Service.

At the same time, contrary to what some might argue, the economic terms established by collective bargaining and interest arbitration have actually furthered the Postal Service's goal of controlling costs. The real wages of postal workers, adjusted for inflation, have actually declined somewhat since postal reorganization. Over the same period, postal labor productivity, as measured by the Bureau of Labor Statistics, increased by more than 35 percent. Because labor costs have been stable, so have postal rates. According to BLS, postage costs increased slightly less than the general rate of inflation between 1972 and 2002 and nearly 25 percent less than the rate of inflation for other services. This occurred during a time when Congressional appropriations to the USPS were phased out.

Thus, the current system of collective bargaining has served all the major stakeholders very well. It has permitted postal employees to share the efficiency gains resulting from continuous investments in automation and other productivity improvements with mailers and the American public. Mailers benefitted from stable real postage rates

and taxpayers were rewarded with the elimination of tens of billions of dollars in direct and indirect subsidies to the Postal Service.

Labor relations problems

I do not claim that the postal labor relations system is without its faults. I readily acknowledge that in some locations there is an unacceptable level of tension between supervisors and employees. Partly as a result of this atmosphere, there has developed a persistent backlog of unresolved employee grievances.

The only solutions that can adequately address these problems are those which the parties devise themselves through collective bargaining. In our most recent round of bargaining, for example, NALC and the Postal Service adopted an Alternate Dispute Resolution process which has helped improve the quality of our labor relations significantly.

In fact:

- During the two-year test of this new system, 85 percent of grievances appealed to the second step of the process were resolved compared with less than 50 percent with the previous system;
- The time needed to resolve grievances was also reduced dramatically – from 112 days to reach the final step of the process to 63 days; and

- Since the new system was implemented nationwide two years ago, the backlog of grievances has been reduced from nearly 27,000 to fewer than 8,500 today.

While we still have a way to go, the evidence is compelling that major progress has been made in the postal grievance-arbitration system, long a source of legitimate employee dissatisfaction.

Interest arbitration

Critics of the present collective bargaining system also argue that the parties have relied too often on interest arbitration to resolve negotiation impasses.

There have been 11 “rounds” of collective bargaining with the four major postal unions since 1971. The first resort to interest arbitration occurred in the fourth round of bargaining in 1978. Since then, approximately half the contract settlements reached by the parties have required the use of arbitration.

However, the trend toward increased reliance on interest arbitration seems to be coming to an end. Last year the NALC successfully negotiated, and ratified, a voluntary agreement to cover the period 2001-2006. And this year both the APWU and the NPMHU have negotiated two-year extensions to contracts reached through arbitration in 2001. One reason for this welcome development may be that, having been through interest arbitration so often, the parties now have a more realistic understanding of the strengths and

weaknesses of their arguments, and of what can and cannot be achieved through third-party intervention.

Although reliance on interest arbitration may be diminishing, NALC strongly believes that interest arbitration should be preserved as the means of resolving postal collective bargaining impasses. We do so even though the right to strike is considered almost sacred to trade unionists. Indeed, the rights to organize unions, bargain collectively and to strike are internationally recognized human rights. But NALC understands that in the real world neither the Congress nor the President would permit a strike or a lockout in a key infrastructure service like the USPS – the damage to the U.S. economy would just be too great. So as a matter of public policy, we have accepted the basic rationale for interest arbitration: it serves as a substitute for the right to strike (and, for managers, the right to lock-out). We believe the Commission should accept this rationale as well. The benefits to the U.S. economy of reliable and uninterrupted postal services are overwhelming.

In the brief time I have this morning, I cannot respond in depth to the criticisms of interest arbitration that have been submitted to you. For now, I would like briefly to address two myths that are persistently propagated by critics of interest arbitration: that “the unions have nothing to lose” by going to interest arbitration; and that the neutral arbitrator is “unaccountable.” The record shows otherwise. Postal unions have won some and lost some at arbitration. The 1991 Mittenthal Award increased the percentage of part-time flexible employees in the letter carrier and clerk crafts, over the vigorous objection of the

NALC and APWU. The 1993 Valtin Award significantly raised the employee share of health care costs for NALC- and APWU-represented employees. And the 2001 Wells Award implemented major cost-saving work standard changes sought by the USPS in its contract with the Rural Carriers' union.

Similarly, it is a gross exaggeration to claim that a single individual, the neutral chair of a tripartite panel, is not accountable to anyone. The tripartite nature of the process minimizes the possibility of an irresponsible neutral chair. At its best, tripartite interest arbitration permits a neutral chair to serve as an empowered mediator – to help the advocate arbitrators reach mutual agreement on most issues, intervening only when needed to bridge final differences. The history of postal interest arbitration shows that arbitrators have acted responsibly. Since 1978, when the parties first began to rely on interest arbitration to settle the terms of their contracts, postage rates – adjusted for inflation – have declined by 12 percent and bargaining unit real wages have declined by nearly 6 percent.

The alternatives – the Railway Labor Act

Before concluding, I would like to comment on the suggestion by some in the postal community that provisions of the Railway Labor Act should be made applicable to postal employees.

It is at least a matter of some irony that this proposal comes just as there is a serious push by the major airline employers to depart from the Railway Labor Act and, instead,

substitute binding interest arbitration.

The employers' argument against the Railway Labor Act is that it is "antiquated," leads to lengthy, bitter, open-ended, acrimonious negotiations that end up weakening the financial underpinning of airlines.

As examples, these critics invoke nine major airline negotiations since 1994 where the average length of the labor contract negotiations was three years — and one, lasted 58 months. These included negotiations with United, American, Delta, Northwest, USAir, and unions representing pilots, mechanics and flight attendants. Three of those negotiations ultimately required Presidential intervention through appointment of a Presidential Emergency Board.

References abound to the current plight of the airlines, with emphasis on labor costs. The bankruptcies of United Airlines, USAir, Hawaiian, and the Perils of Pauline of American Airlines spring to mind.

Nor has the history been much better on the railroad labor end of the Railway Labor Act. Since the 1960's Congress has had to step in 14 times to resolve railroad labor impasses.

I realize that there is some temptation in concept that the "grass is always

greener on the other side,” but there is a stronger argument to be made for the “if it ain’t broke, don’t fix it” rule.

The Railway Labor Act may or may not be as bad as the employers that live under it believe it to be. But we, in the postal community, know that our system, while it may not be perfect, works. Proponents of radical change have a very heavy burden of persuasion, and the Railway Labor Act fails that test miserably.

Conclusion

The challenge this Commission faces, and the challenge that will confront Congress once it takes up the issue of postal reform, is to sort out what works and what doesn’t work in our postal system. Postal collective bargaining is one of the things that works well.

Of course, the quality of postal labor relations – especially as it relates to the work place culture in many places in the country – needs to improve. Only the unions and postal management can make this happen. Fortunately, we are making significant advances in this area. NALC is proud of the many areas of progress in recent years. These include:

- The voluntary negotiation of a five-year labor agreement that provides the parties with stability during a time of transition in the postal industry;

- The implementation of a new alternate dispute resolution system that features joint training for postal managers and union representatives and emphasizes early intervention by Dispute Resolution Teams to resolve problems before they become formal grievances;
- A joint task force on letter carrier route adjustments that is examining improvements in the way letter carrier work is organized;
- A task force on transformation that is exploring new ways to use letter carriers to strengthen the Postal Service by better serving the needs of postal customers, which includes, for example, the Customer Connect program – a pilot project to use letter carriers to market the full range of postal services to small- and medium-size businesses;
- A National Task Force on Safety and Health that grew out of the successful collaboration between the postal unions and postal management to deal with the bio-terrorism attacks of 2001; and
- A developing program to identify work sites with serious labor-management problems in order to intervene and fix them before they adversely affect service and the quality of work life for our members.

Today's subject is collective bargaining, but you cannot ignore the impact of labor

relations in the broader context:

Letter carriers really do deliver notwithstanding rain or snow or gloom of night – or threats of anthrax or mail bombs. They really do go well beyond the call of duty. Every year we honor letter carrier heroes who pull children out of burning homes, collar criminals in mid-crime and save elderly stroke victims. And every year we conduct the nation's largest food drive and work to look after shut-ins through the Carrier Alert program. In a micro sense and in a macro sense, the current system of collective bargaining works.

The Commission should recognize the success of postal collective bargaining over the past 30 years and acknowledge the progress that is being made in the area of postal labor relations by treading lightly in these areas.

Thank you all again for this opportunity to testify. I look forward to responding to any questions and comments you may have.